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Financial advisor confidence plummets after election
By Rob Burgess
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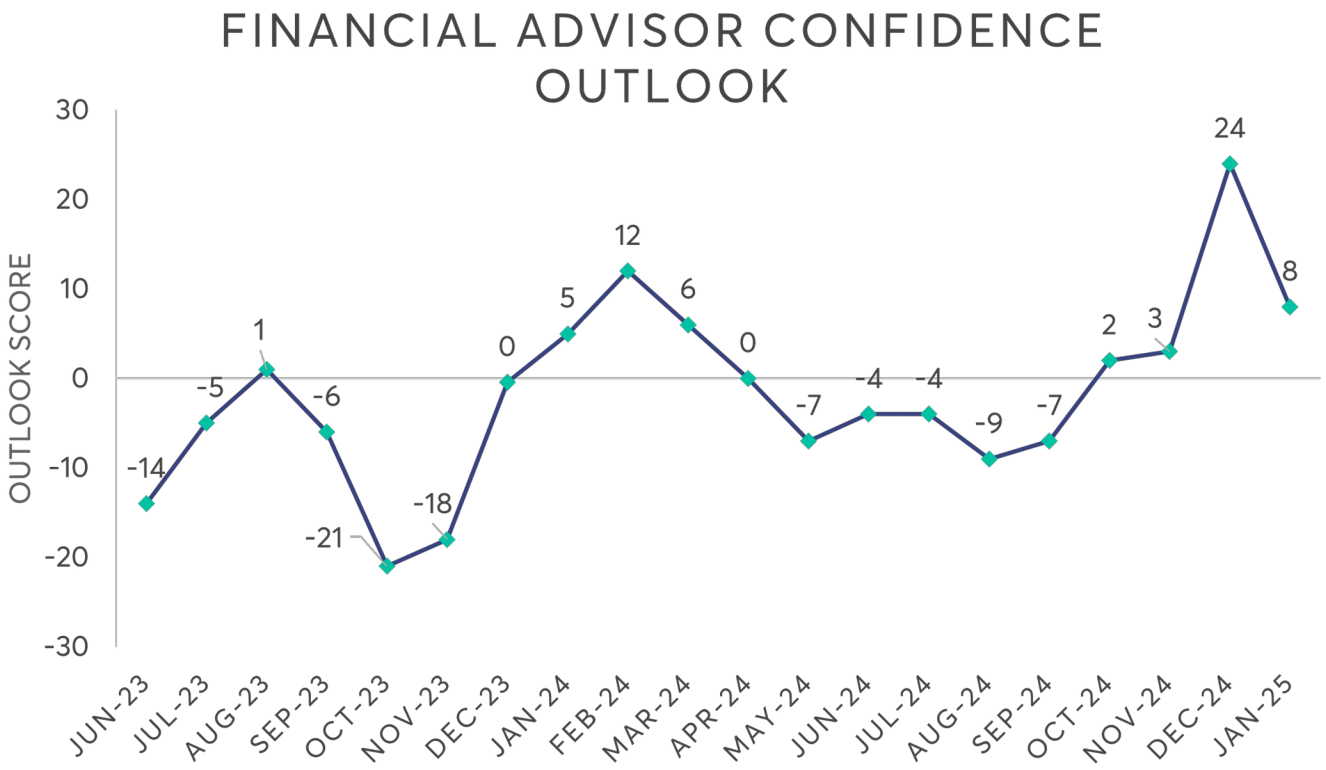
After shattering records the month before, financial advisor confidence levels in January have plummeted to pre-election levels.

That's the overall sentiment reflected in data from this month's Financial Advisor Confidence Outlook (FACO), a survey of financial advisors and planners by Financial Planning.

Every month, FACO surveys hundreds of advisors and measures their confidence on a scale of minus-100 to 100.

FACO's overall confidence score rose by a record-breaking 21 points, from 3 in November to 24 in December — the highest the score has been since FACO began in June 2023.

But in January's survey, the outlook took a 16-point nose-dive back down to 8, even as some advisors remained optimistic about the future as President Donald Trump re-takes the White House in just a few days.



Source: Arizent Financial Advisor Confidence Outlook Survey June 2023 - January 2025

"The first year of Trump's presidency is usually the busiest and causes the most media attention, influencing public opinion and market speculation," said one advisor.

Others were less positive.

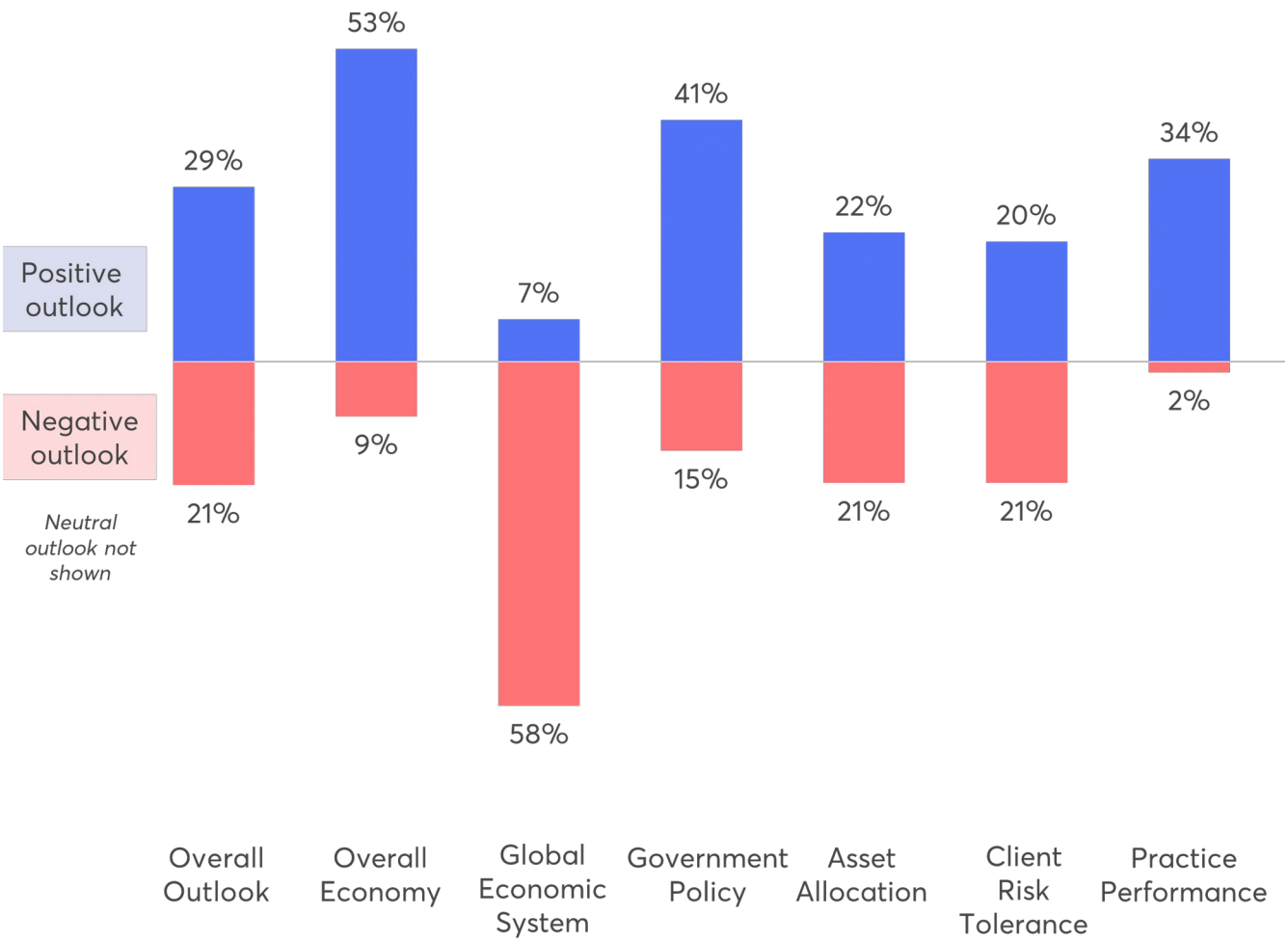
"The president-elect's rhetoric contributes to an unstable environment politically and in terms of establishing long-term investment plans," said one advisor.

Another advisor said they are also watching for "potential increased volatility in the markets" and the "unknown of this new president's agenda and impact on global markets."

"[There is] potential for tariffs to reignite inflation that has been reduced over the last few years," they said.

Yet another advisor also said their "clients are quite anxious about the incoming administration and the tariff talk."

"'Trump tariffs' are making them anxious," they said.

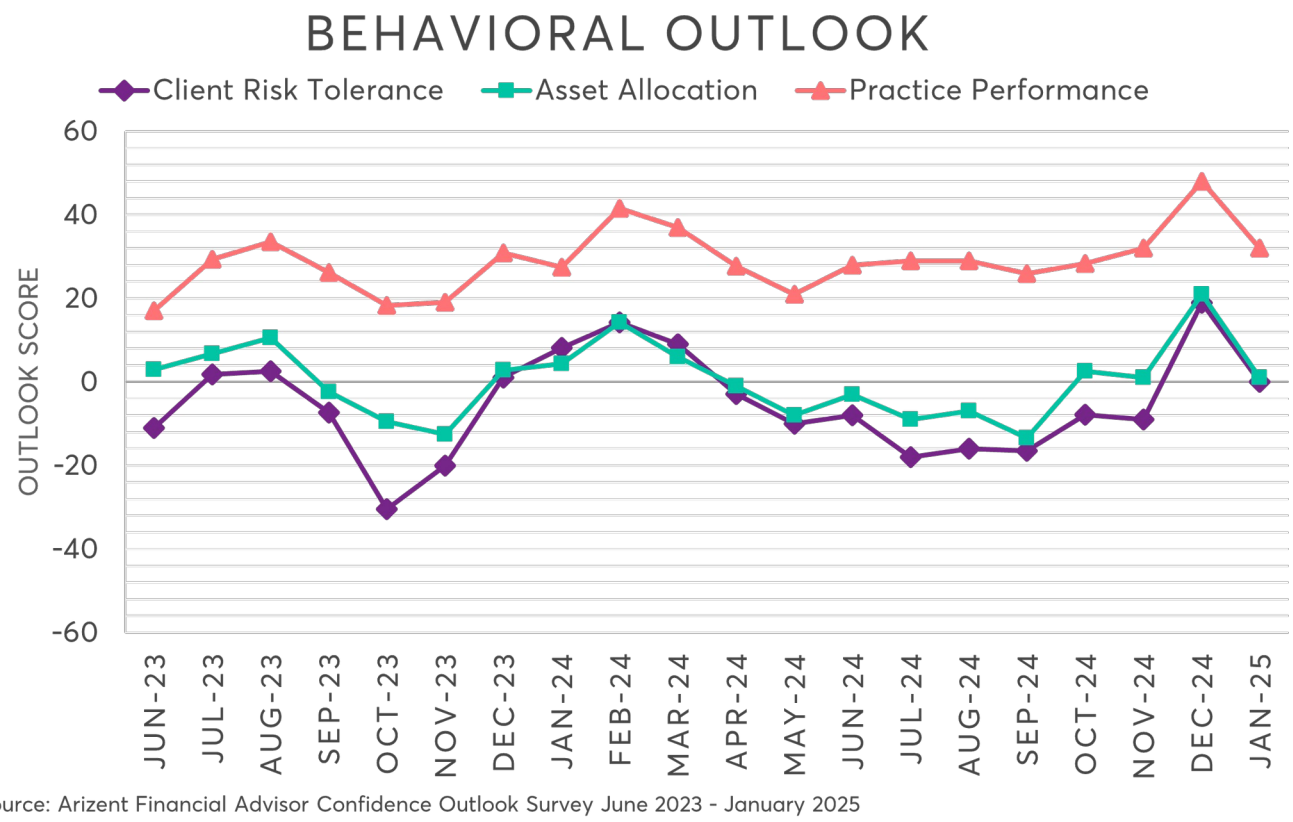


Source: Arizent Financial Advisor Confidence Outlook Survey January 2025
Base: 259 Financial Advisors

The most precipitous drop of any category was in asset allocation, as advisors signaled they would be less aggressive with investments in the new year. After hitting 21 in December, that score fell to just 1, exactly where it was in November's survey.

"There seems to be a bit of 'wait and see' attitude among many of my clients — waiting for the new presidential administration to settle in and see how things go — before committing more money into investments," said one advisor.

Accordingly, client risk tolerance also fell from 19 in December to 0 in January. But, that is still higher than it was in November, when it was minus-9.



Source: Arizent Financial Advisor Confidence Outlook Survey June 2023 - January 2025

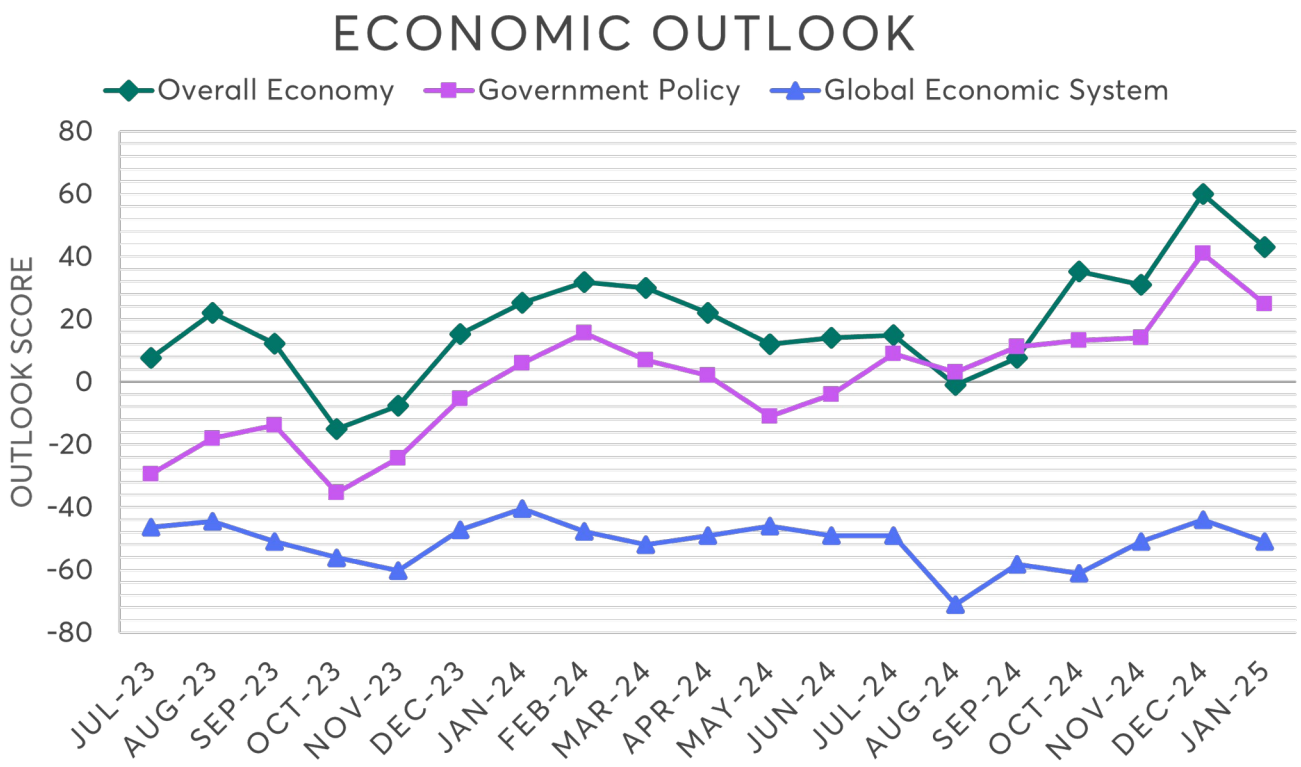
"Clients are somewhat complacent with their investments and have come to expect double-digit annual returns," said one advisor. "They are setting the bar too high and will likely be disappointed in 2025."

Practice performance confidence also fell to pre-election levels, falling from a score of 48 in December to 32 in January, which also represents the same score as it was in November.

"Increased regulation around fees, fiduciary standards, and transparency puts pressure on wealth management firms like mine to adjust our business models," said one advisor.

Another advisor said they were particularly concerned with "the influx of direct-to-consumer platforms that are trying to supplant comprehensive financial planning with online tools and AI chatbots."

Confidence in the global economic system fell from minus-44 in December to minus-51 in January, which is also exactly where it was in November.



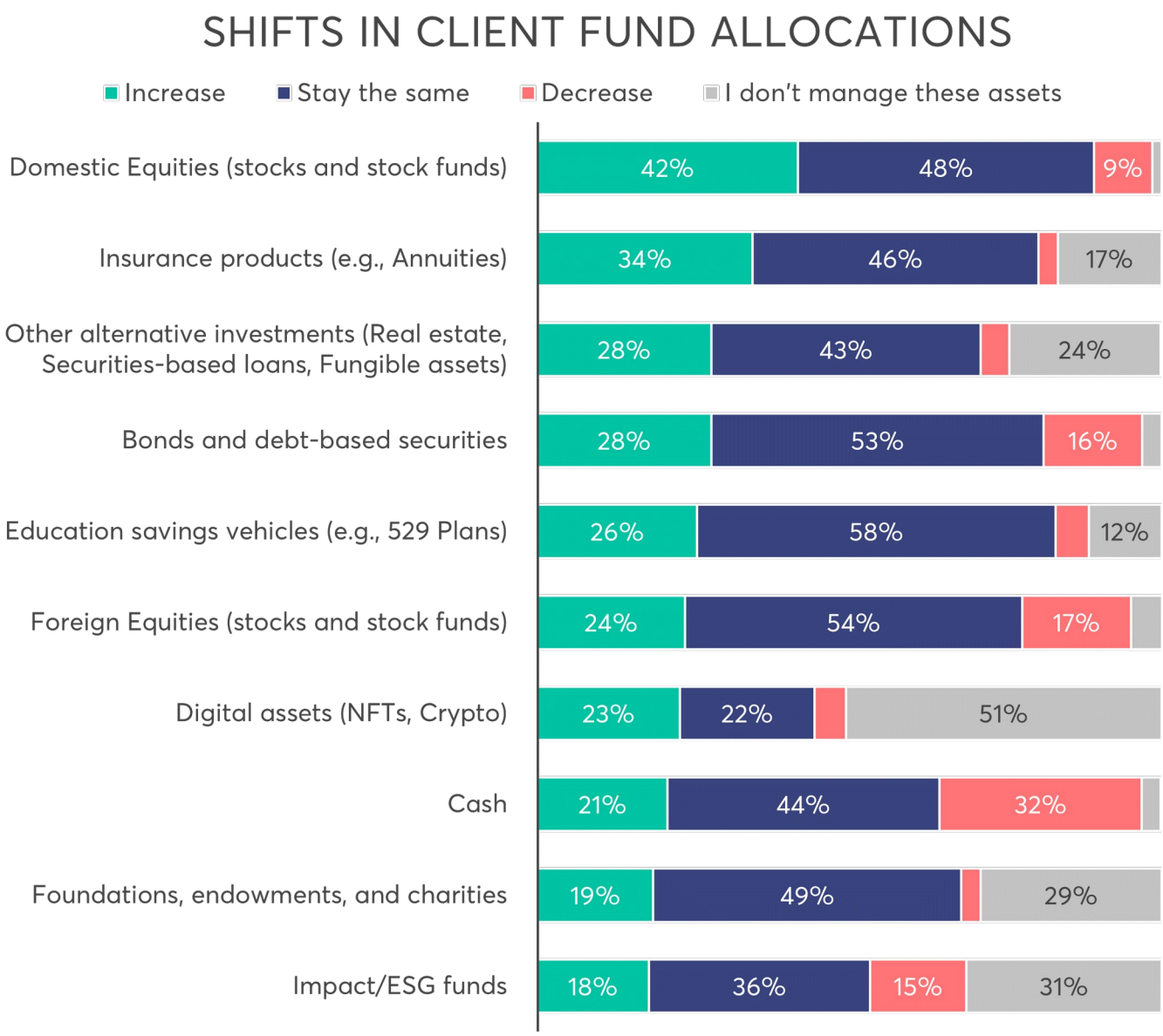
Source: Arizent Financial Advisor Confidence Outlook Survey June 2023 - January 2025

One advisor said they were worried about "more uncertainty with tariff considerations and political instability."

"I'm not making adjustments yet, but international is currently hard to keep at steady asset allocation levels," they said.

Faith in government policy was also down, but not as far as it was before Election Day. In January, this category was rated at 25, a 16-point drop from December when it was 41. Though, in November, this score was at 14.

"The evolving regulatory framework for cryptocurrencies and digital assets is creating new investment opportunities and risks, which I need to assess and advise clients on accordingly," said one advisor.



Source: Arizent Financial Advisor Confidence Outlook Survey January 2025
How do you expect the distribution of funds you manage to shift among these different asset types in the coming month? In the coming month I expect the proportional allocation of funds I manage will…
Base: 259 Financial Advisors

In particular, one advisor said they were hearing concerns about the "impact of healthcare and health insurance costs on clients' budgets."

"Any drastic policy changes by the Trump administration may make health insurance costs more expensive and un-affordable for many," they said.